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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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EXAMINER

LANEAU, RONALD

ART UNIT PAPER NUMBER

3627

DATE MAILED: 07/14/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

10/088,795

Applicant(s)

MARTIN ET AL.

Examiner

Ronald Laneau

Art Unit

3627

*MLW*

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

## Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 28 May 2004.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-4,6,8-13,18,19 and 21-23 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 11-4,6,8-13,18,19, and 21-23 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- ☐ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_.
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- ☐ Notice of Informal Patent Application (PTO-152)
- ☐ Other: \_\_\_\_\_.

***Continued Examination Under 37 CFR 1.114***

1. A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 05/28/2004 has been entered.

2. New claims 22 and 23 are added and claims 1-6, 8-15 and 17-23 are now pending.

***Claim Rejections - 35 USC § 101***

3. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 1-4, 8-13, 18, 19 and 21-23 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences,

for example) and therefore are found to be non-statutory subject matter. For a process claim, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, there is no recitation or indication that the technological arts involved in the method.

Specifically, claims 1-4, 8-13, 18, 19 and 21-23 only recite an abstract idea. The recited steps of merely paying fees, medical or otherwise in a system comprising service providers/doctors, service receivers/patients and a clearinghouse wherein the service providers subscribe to provide services (a predetermined type of service) to the service receivers, the service receivers subscribe with the clearinghouse to receive services from the service providers, the service receivers select a specific service provider who has subscribed to the clearinghouse to act as a primary service provider (if not primary service receiver pays a fee and provider receives another fee from the clearinghouse, if provider not a subscriber the receiver liable for entire fee) for the service receiver, the clearinghouse collects plan fees (for a set period of time) from the service receivers on a set periodical basis and distributes at least a portion of the plan fees (for a set period of time) to the selected service providers on a set periodical basis as payment fees, and the service receivers receive services (pay a co-payment fee) from the selected service providers; in combination with an insurance coverage product; service provided in greater quantity the receiver liable for all of a reduced portion of the providers' fee. The implementation step added to the claims is only a mere repetition of the same ideas of fees for services between service providers/doctors, service receivers/patients and a clearinghouse. These steps only constitute idea of how to effectuate payment of service fees.

Additionally, for a claimed invention to be statutory, the claimed invention must produce a useful, concrete, and tangible result. In the present case, the claimed invention provides payment of fees for services provided (i.e., repeatable, useful and tangible).

Although, the recited process produces a useful, concrete and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1-4, 8-13, 18, 19 and 21-23 are deemed to be directed to non-statutory subject matter.

***Claim Rejections - 35 USC § 102***

5. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

6. Claims 1-4, 6, 8-13, 18, 19 and 21-23 are rejected under 35 U.S.C. 102(b) as being anticipated by Jena L. Kennedy, Intro to Managed Care – Fundamentals of Managed Care Coverage and Providers, pp. iii-ix, 2-4, 19, 28-33, 35-37, 40-44, 46-49, 52-55, 58-63, 66-73, 78-86, 90-93.

As per claims 1, 13, 18 and 23, Kennedy teaches a system for the payment of [medical] fees (health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54) comprising:

Service providers/doctors (Managed Concepts pp. 28-29, Health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54);

Service receivers/patients (Managed Care Concepts pp. 28-29, Health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54); and

A clearinghouse (Managed Care Concepts pp. 28-29, Health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54, Funding Aspects of Health Care Coverage pp. 78-86);

Wherein the service providers/doctors subscribe with the clearinghouse to provide a [predetermined quantity of medical] services to the service receivers/patients receivers (Managed Care Concepts pg. 28 – Managed Care Organization, Health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54, Funding Aspects of Health Care Coverage pp. 78-86); pg. 29 – primary care physicians have often been called gatekeepers, i.e. coordinate and manage all aspects of a member's care, pg. 67 – Member Services – benefits and coverage options; pg. 90 – Figure 8-2 Benefits that federally qualified HMOs are required to provide; pg. 19 – Exclusions – have been included in HMOs, the service receivers/ patients subscribe with the clearinghouse to receive [medical] services from the service providers/doctors (Managed Care Concepts pp. 28-29, Health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54); the service receivers/patients select a specific service provider/doctor who has subscribed to the clearinghouse to act as a primary service provider/doctor for the service receiver/patients, the clearinghouse collects plan fees from the service receivers/patients on a set periodical basis (for a set period of time) and distributes at least a portion of the plan fees to the selected service providers/primary doctors on a set

periodical basis (for a set period of time) as payment fees (Managed Care Concepts pp. 28-29, Health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54, Funding Aspects of Health Care Coverage pp. 78-86); pp 41-42 – Prepaid care subscribing to a plan; pp. 89-90 – COBRA AND OBRA; plan fees are collected periodically and even for a set period of time, this set period of time if employed determined by the employee and can last for one period or any length of the employment period or up to the end of the COBRA coverage as mandated by law; pg. 72 – Provider relations – negotiating and entering into contracts with providers. Contracts are for a set period of time and are then renegotiated. Pg. 48 – the medical group negotiates annually with Kaiser ... we negotiate that the capitation payment for each year ...), and the service receivers/patients receive [medical] services from the selected service providers/primary doctors (Managed Care Concepts pp. 28-29, Health Maintenance Organizations pp. 40-44 and 46-49, Preferred Provider Organizations pp. 52-54, Exclusive Provider Organizations pg. 54). It is all part of the Prepaid care plan, the service receiver pays a set fee for a predetermined period to the clearinghouse, receives services from any service providers and the clearinghouse pays the service providers for services rendered to the service receiver less the service charge paid by the service receiver during visit to the service providers.

As per claim 2, Kennedy teaches plan fees that are collected for a set period of time(pp. 41-42 – Prepaid care subscribing to a plan; pp. 89-90 – COBRA and OBRA; plan fees are collected periodically and even for a set period of time if employed determined by the employee and can last for one period or any length of the employment period or up to the end of the COBRA coverage as mandated by law).

As per claim 3, Kennedy teaches the clearinghouse distributes the payment fees to the selected service provider/primary doctor for a set period of time (pg. 72 – provider relations – negotiating and entering into contracts with providers. Contracts are for a set period of time and are then renegotiated. Pg. 48 – the medical group negotiates annually with Kaiser ... we negotiate the capitation payment each year ...).

As per claims 4 and 19, Kennedy teaches the selected service providers provide a predetermined type of service to the service receivers (pg. 28 – the primary care physician is usually a general practitioner, family practitioner or obstetrician/gynecologist).

As per claims 6, 21 and 22, Kennedy teaches the service receivers pay a co-payment fee to the selected service provides when the service receivers receive the services from the selected services providers (pg. 41 – Prepaid care).

As per claim 8, Kennedy teaches that if the service receiver is provided services from a services provider who has subscribed to the clearinghouse but who has not been designated as the primary service provider for the service receiver, the service receiver pays to the non-primary service provider a service fee and the non-primary service provider receives a fee from the clearinghouse (pp. 41-42).

As per claim 9, Kennedy teaches that if the service receiver receives services form a service provider that is not subscribed to the clearinghouse no fee is paid to the service provider by the clearinghouse and the service receiver is liable for the service provider's entire fee (pg. 41 – Networked providers and negotiated fees).

As per claims 10 and 11, Kennedy teaches that if the service receiver receives services from the selected service provider in a quantity greater than the predetermine quantity, either no



fee is paid to the selected service provider by the clearinghouse for any services over the predetermined quantity and the service receiver is liable for the selected service providers' entire fee or no fee is paid to the selected service provider by the clearinghouse for any services over the predetermined quantity and the service receiver is liable for the selected service providers' fee at a reduced rate (pp. 52-54 – preferred Provider Organizations – utilize primary care physicians, it is implicit because the law in certain states participating/preferred physician's can collect the difference between the plan's payment, i.e. reduced fee and the physician's charge and if you choose an out of plan primary care physician you would pay the full difference – see Blue Cross and Blue Shield Service Benefit Plan 1998).

As per claim 12, Kennedy teaches claim 1 in combination with an insurance coverage product (pp. 88-89 – flexible benefits plan/cafeteria plan – can include health insurance, life insurance, legal benefits, disability benefits and medical care benefits).

### ***Response to Arguments***

7. Applicant's arguments filed on 05/28/04 have been fully considered but they are not persuasive.

Applicant's arguments about the newly added limitations are met by the newly position taken in view of the said added limitations. Regarding the 35 USC 101 issue, applicant argues that the inclusion of the implementation step should satisfy the examiner with regard to the functionality of the claims. Although, applicant has made an effort to further clarify the claimed invention but it remains that the subject matter still is not within the statutory arts as it lacks the proper system to make it work. The examiner believes that a system need to be put in place to

carry out a useful and tangible result and one cannot rely only on the human mind for a complex issue such as this one. The examiner noted the affidavits by the applicant as far as the AOM plan being an insurance or not and even the Attorney general cannot give a definite answer as he uses the terms "appears more likely than not that the plan is not an insurance" in page 4, 4<sup>th</sup> paragraph but until they make the determination that is for sure not an insurance, this rejection will be maintained.

***Conclusion***

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ronald Laneau whose telephone number is (703) 305-3973. The examiner can normally be reached on Mon-Fri from 8:30am - 6:00pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Robert Olszewski can be reached on (703) 308-5183. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Ronald Laneau  
Examiner  
Art Unit 3627

*Michael Cuff* 7/12/04  
**MICHAEL CUFF**  
**PRIMARY EXAMINER**